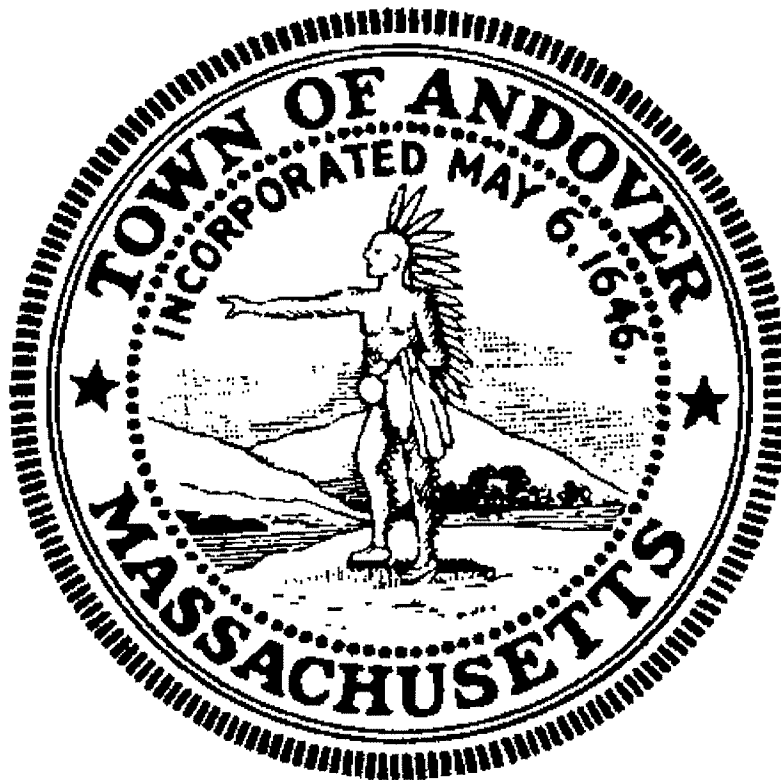


FINANCE COMMITTEE REPORT



SPECIAL TOWN MEETING
WEDNESDAY, JUNE 19, 2019

SPECIAL TOWN MEETING

PLAN TO ARRIVE EARLY

All Town Meeting attendees must be checked into the meeting in the lobby of the Andover Memorial Auditorium on June 19. Voters must check in at their precinct table. Visit the Town website at www.andoverma.gov and click on "Town Clerk's Office" under the "Departments" tab and click on "Elections" to search for your precinct under the "Precinct Search" tab. To avoid delays at check in, please check your precinct prior to Town Meeting.

Voters: Only voters who registered by the deadline (June 8, 2019) will be allowed to vote at this Special Town Meeting. Voters will receive a sticker that must be worn in a visible location on their person to vote.

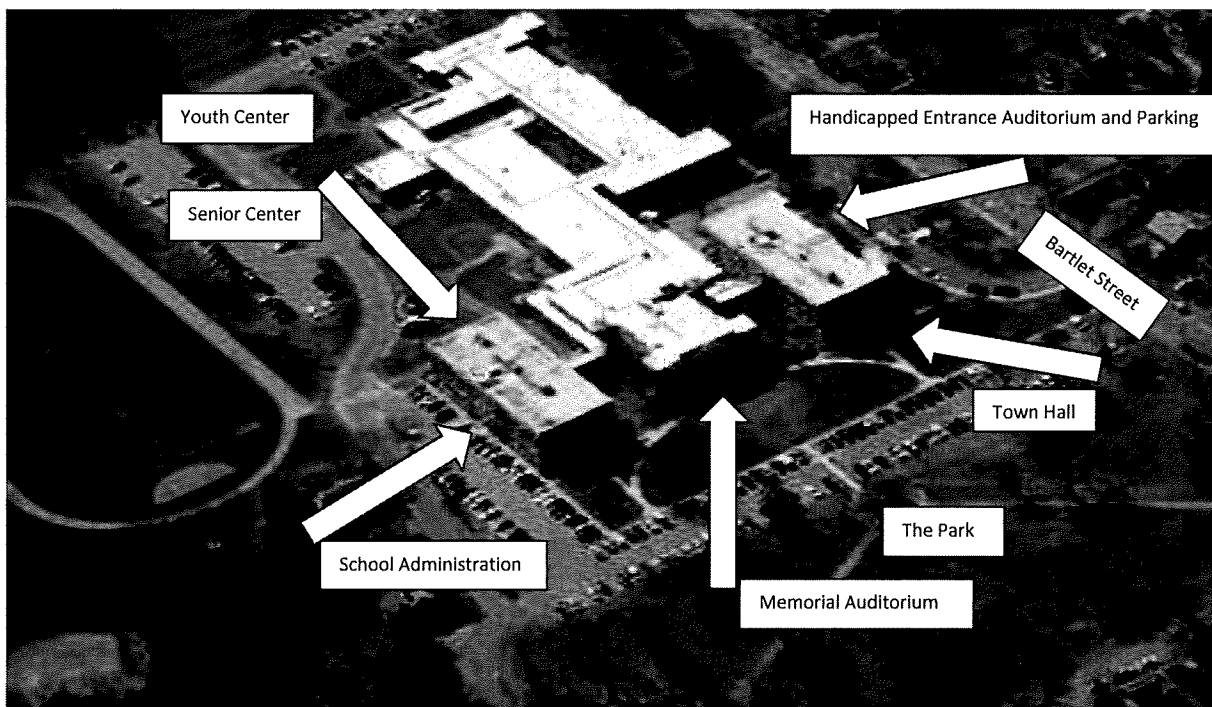
Non-Voters: Non-voters may attend Special Town Meeting and will be seated in a special section. Non-voters must check in at the Town Clerk's table in the lobby to register before being seated. Please be aware that non-voters will not be seated until after 7:00 P.M. when they are voted admittance by Special Town Meeting.

Overflow Seating: If meeting attendance exceeds the capacity of the Auditorium, voters and non-voters may be directed to sit in the Doherty Middle School cafeteria. The cafeteria is linked by video and audio feed to the Auditorium. Participants in both areas will be able to speak to the meeting and vote.

Children: Children may enter the meeting as non-voters. *See above.* Parents must attend small children during the meeting and sit with them in the designated non-voter section. Voters (with visible stickers) may vote from the non-voter section. Please notify the section counter if you are a voting member. No children or non-voters may sit in the registered voter sections.

Parking: There are several parking lots available:

1. Town Hall Next to The Park
2. Handicapped Entrance and Parking Front of Town Hall
3. School Administration Next to the Park
4. Senior Center
5. Youth Center
6. Doherty Middle School





To the Citizens of Andover:

May 29, 2019

A Special Town Meeting has been called for Wednesday June 19, 2019 at 7:00 PM.

Please note the Special Town Meeting will not be held in the Collins Center where Town Meetings are typically held – the Special Town Meeting will be held in the Andover Memorial Auditorium behind the Town Office Building. See the map on the previous page for parking and location details.

There are two articles on the warrant signed by the Select Board on May 16th. Article 1 allows the Town to create capital accounts to hold funds received from Columbia Gas as compensation for the events of September 13, 2018 and its aftermath. It further allows the appropriation of those funds. Article 2 allows the Town to accelerate the schedule for water main replacements using funds generated through an FY2020 water rate increase approved on April 22, 2019 by the Select Board, acting as Water and Sewer Commissioners. Neither article has a direct impact on property taxes collected or spent.

Article 1

The Town's actions in response to the gas explosions on September 13th went well beyond the heroic actions of our first responders. Even as the Andover Fire and Police were actively working to minimize risk to life and limb and damage to property, the Andover Finance Department implemented the Incident Command System (ICS), a management system which tracked costs that would eventually form the basis of negotiations with Columbia Gas.

A settlement between Columbia Gas and the Town of Andover was signed on May 2, 2019, which provides compensation to Andover in the amount of up to \$20,816,250. Of this, \$17,762,068 has already been received. The chart on page 6 of this report itemizes the status of funds at the time we went to print.

The compensation falls into four general categories: repairs to roadway surfaces and infrastructure, direct costs, indirect costs, and waived or lost revenues. The Town incurred direct costs in the form of overtime, use of facilities, temporary showers, fuel for generators, legal costs and outside inspectors. Indirect costs included damage or wear and tear to facilities and streets, exempt employee time, vehicle depreciation, and utility costs. Waived or lost revenues included parking fees and permit revenue. The settlement agreement provides for reimbursement to the Town for all those costs, as well as a reasonable sum to cover the intangible impact to our community. The Final Settlement and Release of all Claims is available online at <https://andoverma.gov/RestoreAndover>.

Managing the proceeds from the settlement from an accounting standpoint required the cooperation and approval of the Massachusetts Department of Revenue (DOR). Rather than having the funds go into Free Cash, the DOR has agreed that the funds may be held in specific capital accounts. If Article 1 is approved, one fund with four such capital accounts will be established.

The DOR has further agreed that a single appropriation may be voted at Town Meeting to approve how these funds will be spent, except for the \$1,626,000 in deficit spending which requires no vote to appropriate. Article 1 will allow the Town to spend all other funds received from the Columbia Gas settlement without further authorization from Town Meeting.

The restoration and investment in roads, sidewalks and infrastructure would be the largest of the new capital accounts, funded with \$14,565,000 of the settlement funds received. Repair of the 18.6 miles of damaged roadway is estimated by the Andover Public Works Department to cost \$750,000 per mile. That estimate includes both a 20% cost contingency and 3% cost escalation over an expected four-year period. Sidewalk repair or replacement on affected roadways, where necessary, is included in this cost estimate. The Town and Columbia Gas agreed to \$13,965,000 for roadway repair and the Town has already received that full amount. A paving restoration map may be found on 8 of this report. An additional \$100,000 would be allocated to a street tree program, and \$500,000 allocated to complete design work to improve the Route 133 corridor.

A second account would hold \$2,400,000 to be used to repair and improve public facilities and parks which were used as shelters during the emergency. The Center at Punchard and Poms Pond/ Recreation Park were the two affected locations.

The third account has already been established to cover the reconciliation of Andover's deficit spending. To cover costs that had to be paid during the emergency, Andover received permission from the DOR to spend more than the amount appropriated by voters at Town Meeting for FY2019. The total amount of deficit spending was \$1,626,000, of which Columbia Gas has already reimbursed Andover \$797,068. DOR has allowed the Town to separately account for this deficit funding out of the settlement proceeds without appropriation by Town Meeting, as noted above.

The fourth account would establish a mitigation reserve account in the amount of \$2,225,250. Because the full restoration process will take several years, it is not possible to precisely identify all costs at this time. A detailed 'After Action' review will take place in months to come, with a report expected to be presented to the Select Board in September, 2019. There will be recommendations included in the final report that will likely warrant further investment. A 10% reserve account to cover unexpected costs is prudent.

An itemization of the four proposed accounts and the amounts estimated to be spent on each component may be found on page 7.

To allow for transparent communication, the *RestoreAndover* web page on the Town website will have frequent updates on the restoration process, including schedules, itemized ongoing work and dollars spent.

Article 2

Article 2 would authorize the Town to borrow and appropriate an additional \$2,000,000 to be added to the \$4,000,000 already appropriated by voters under Article 29 of the 2019 Annual Town Meeting. The total of \$6,000,000 will be used to fund the annual water main replacement program. The cost associated with this borrowing will be paid from water revenues, not property taxes.

In April 2019, our water consultants, Woodard & Curran, presented the Woodard and Curran Water Quality Evaluation report to the Select Board. One of the recommendations contained therein was to coordinate water main replacement with street restoration necessitated by the Columbia Gas explosion. A presentation entitled Water Main Replacement Program and Water Rate Recommendation was heard by the Select Board and various rate options were reviewed. These reports may be viewed at www.andoverma.gov/presentations.

The Select Board, acting as Water and Sewer Commissioners, voted to approve a new funding schedule at their meeting on April 22, 2019. The new schedule will take effect 7/1/2019, and beginning in FY2020 the average annual 2.5% increase (\$9.34) will increase to 5% (\$18.67) through FY2023. This will fully fund 11.9 miles of water main replacement under roads impacted by the gas disaster. Beginning in FY2024, the annual rate increase will drop to 3.5%. The new rate schedule will further allow the entire water main replacement project to be completed in 15 years, rather than the originally scheduled 30 years.

The additional \$2 million being requested in Article 2 would normally allow an additional 9,000 to 10,000 linear feet of water main to be replaced. Appropriating additional funding now will enable DPW to accelerate water main work and coordinate it with roadway work being done as part of Article 1, allowing us to replace more water mains at a lower cost than would otherwise be possible.

Other recommendations contained in the report were to begin water main replacement in Shawsheen Heights this year, followed by water main replacement projects in gas affected streets over a four-year timeframe, ahead of paving.

To further reduce costs, our consultant has submitted a request to the MA Department of Environmental Protection (DEP) asking that Andover be considered for emergency funding through the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a partnership between the US Environmental Protection Agency and the MA DEP. Under this program, loans with interest rates as low as 0% are provided for eligible infrastructure projects. The state might also approve 1%-2% of principal forgiveness on these loans. Our application is currently under review, and a decision is expected in the next four to six weeks.

Debt service on the \$6,000,000 borrowed will begin in FY2021 and will be paid from water revenues. Disapproval of Article 2 would delay replacement of water mains but would not reduce water rates.

A series of informational hearings will take place before the Special Town Meeting. The times and locations will be posted on the Town website: <https://andoverma.gov/RestoreAndover>.

Please join us at Special Town Meeting on Wednesday, June 19th at 7:00 PM in the Andover Memorial Auditorium. Your participation is important.

The Finance Committee

Eugenie M. Moffitt, Chair
Linn N. Anderson
Andrew H. Betts
Spiro A. Christopoulos
Paul Monticciolo

John J. Barry, Jr., Vice-Chair
Paul F. Russo
Blackwell O.J. Taylor
Bonita J. Zahorik

**W A R R A N T
THE COMMONWEALTH OF MASSACHUSETTS
ESSEX, SS.**

To Either of the Constables of the Town of Andover

Greetings:

In the name of the Commonwealth you are hereby required to notify and warn the Inhabitants of said Town who are qualified to vote in Town Affairs to meet and assemble at the Andover Memorial Auditorium, 36 Bartlet Street, Andover, MA.

WEDNESDAY, THE NINETEENTH OF JUNE, 2019

At seven o'clock P.M. to act upon the following articles:

ARTICLE 1	COLUMBIA GAS ROADWAY RESTORATION AND IMPROVEMENT CAPITAL FUND ACCOUNTS
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To see if the Town will vote to create capital accounts for roadway and infrastructure improvements, public facilities improvements, park improvements and other expenses related thereto and vote to appropriate all funds, less those required to reconcile deficits, received from Columbia Gas as compensation to improve and restore Town roads, public infrastructure and public facilities and other expenses related thereto.

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This article authorizes the Town to create a capital fund with capital sub-accounts, and to transfer into it any money received from Columbia Gas as settlement for damages incurred to roadways and other Town property during the Columbia Gas event. It also appropriates all funds received (excluding the deficit reconciliation in the amount of \$1,626,000) to pay for repairs and expenses related to the event, and to make additional improvements and investments in infrastructure as needed to increase the Town's emergency preparedness or otherwise benefit the Town.

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Financial Impact of Article 1	
<u>Approval</u> The Town is able to set aside funds in capital accounts to repair roadways and related items and fund specific projects in the impacted area and to support Emergency Preparedness. Approval of the article has no financial impact in FY2020.	<u>Disapproval</u> Settlement funds will not be able to be spent in accordance with the settlement agreement.

Your Vote: Yes ___ No ___

The SELECT BOARD voted 5-0 to recommend approval.

The FINANCE COMMITTEE voted 6-0 to recommend approval.

On request of the Town Manager

ARTICLE 2	WATER MAIN REPLACEMENT PROJECTS
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To see if the Town will vote to raise by taxation, borrowing, or transfer from available funds or by any combination thereof and appropriate the sum of \$2,000,000 for the purpose of purchasing services and materials related to completing water main replacement projects, including any other costs incidental and related thereto, or to take any other action related thereto.

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In April 2019 our consultants completed a water quality evaluation that examined our water treatment and distribution system. The Water Main Replacement Program & Water Rate Recommendation was presented to the Select Board on April 8, and may be viewed at [www.andoverma.gov/presentations](http://www.andoverma.gov/presentations). One recommendation was to accelerate the work that has been underway to replace older cast iron water mains. This article would allow the work to be completed more quickly and efficiently in conjunction with roadway repairs necessitated by the Columbia Gas explosion. Debt service payments would not begin until 2021 and would be paid out of water rates already voted by the Select Board.

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Requires a two-thirds (2/3) vote

Financial Impact of Article 2	
<u>Approval</u>	<u>Disapproval</u>
Town borrows \$2,000,000 to be repaid over 20 years.	No change in water rates.
Debt Service funded with water user fees is included in water rate projections for future years.	
Approval of the borrowing authorization has no financial impact in FY2020.	

Your Vote: Yes ___ No ___

The SELECT BOARD voted 5-0 to recommend approval.

The FINANCE COMMITTEE voted 6-0 to recommend approval.

On request of the Town Manager

Settlement Overview and Status of Funds

Allocation of Funds	
Road and Sidewalk Restoration	\$13,965,000
Substantiated Claims	3,851,250
General Claims	3,000,000
Total Allocation of Funds	\$20,816,250

Funds Received	
Road and Sidewalk Restoration	\$13,965,000
Substantiated Claims	797,068
General Claims	3,000,000
Total Funds Received	\$17,762,068

Balance of Funds to be Released	\$3,054,182
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As part of the negotiated settlement with Columbia Gas, specific dollar amounts were identified for reimbursement. The chart above summarizes the claim categories and the funds we have received to date. Substantiated claims and general claims combined totaled \$6,851,250. Providing backup documentation to substantiate these claims would have been an extremely time consuming administrative burden.

A negotiated compromise was reached. Columbia Gas agreed to immediately reimburse Andover for \$3,000,000. Those funds have been received.

Approximately 1,000 pages of backup documentation have already been provided to Columbia Gas to substantiate the remaining \$3,851,250 in claims. At the time we went to press, \$797,068 had already been reimbursed. Additional documentation has been requested and is being provided on an ongoing basis. The remaining balance we expect to receive from Columbia Gas is \$3,054,182.

Recommended Capital Accounts

Roads/Sidewalks and Infrastructure	
Road/Sidewalk/Infrastructure Restoration and Improvements	\$13,965,000
Street Tree Program	100,000
Route 133 Corridor Design ¹	500,000
Total Roads/Sidewalks and Infrastructure	14,565,000

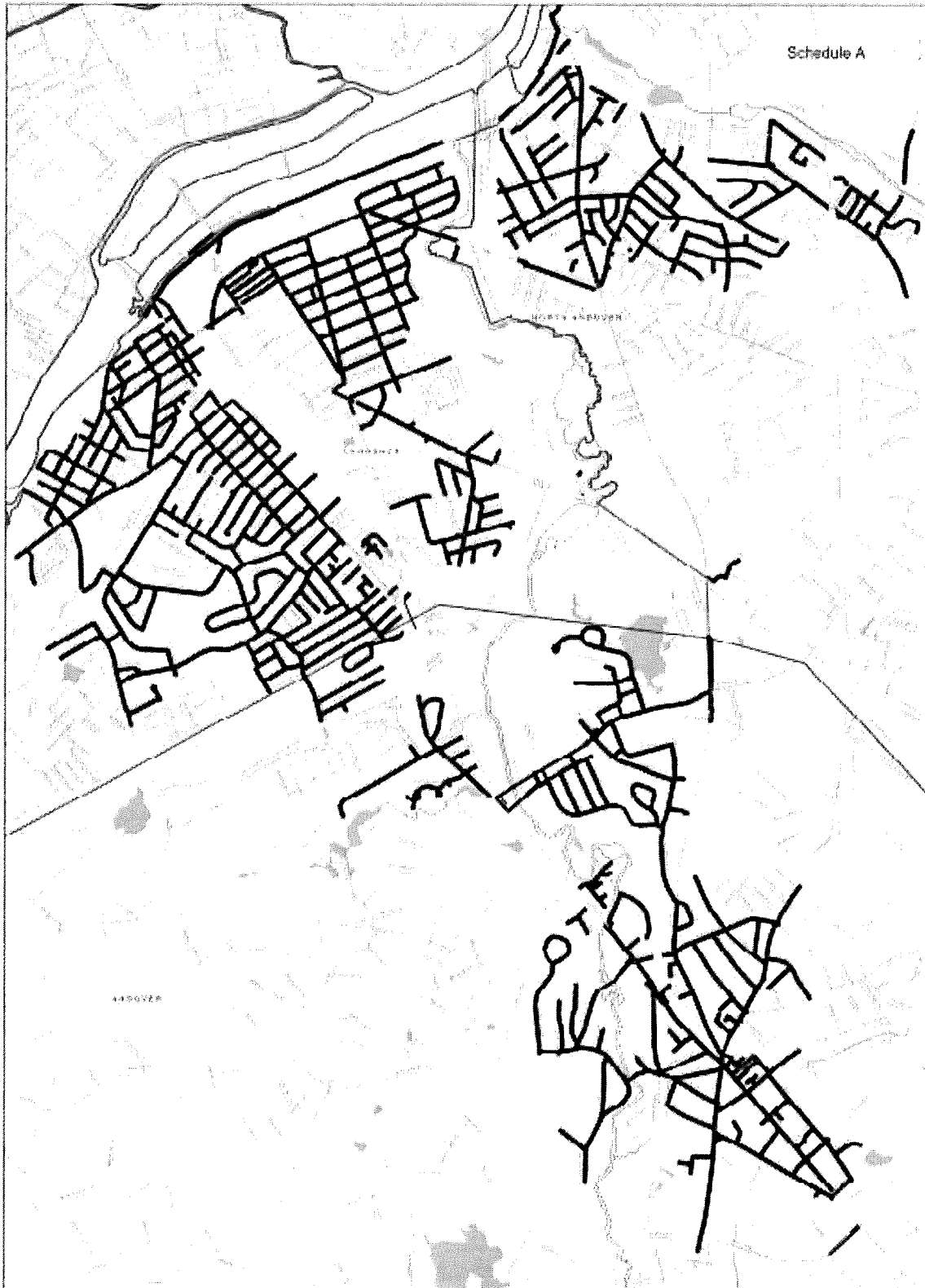
Public Facilities and Parks	
Senior Center Renovation and Expansion	\$500,000
Senior Center Parking and Playstead Improvements ²	700,000
Playstead and Downtown Connectivity	250,000
Recreation Park Masterplan Implementation ³	950,000
Total Public Facilities and Parks	\$2,400,000

Deficit Reconciliation	
Deficit Reconciliation	\$1,626,000

Gas Disaster Mitigation Reserve Account	
Reserve for Allocation	\$2,225,250
Grand Total – Recommended Capital Accounts	
	\$20,816,250

Part of the settlement funds will be leveraged to achieve capital improvements which would otherwise have been proposed for funding in future Capital Improvement Plans.

1. To advance the Route 133 corridor improvements, \$500,000 is being recommended for the design phase to allow reconstruction of Route 133 near Shawsheen Village to Beacon Street. Design funding will allow the project to advance through the region's Transportation Improvement Program (TIP), in which state funding will be used to make the actual roadway and infrastructure improvements. The project is expected to cost approximately \$8,000,000 (fully funded by the state excluding design costs) and would not be possible without the design process being completed at the local level.
2. Senior Center parking, playstead and connectivity improvements will enhance Andover's emergency preparedness. The most recent iteration of the Park, Playstead, Municipal Complex Master Plan prepared by our consultants may be found at the following link: <https://www.ppmcmasterplan.com/>
3. Recreation Park was home to temporary housing during the Columbia Gas crisis, including temporary showers at a cost to of \$400,000. This amount was fully reimbursed as part of the settlement, but the need to improve the facilities at this location was clearly identified. An estimated \$950,000 will be allocated to these improvements. The Recreation Park/Pomps Pond Master Plan is currently under development and will be updated at the following link: <https://andoverma.gov/761/Rec-Park-Pomps-Pond-Master-Plan>.



Paving Locations for Merrimack Valley Recovery Project

April 29, 2019



Cross Mark
Paving Locations

Columbia Gas
of Massachusetts
9 Volume 1000000

1 in = 700 feet

TOWN OF ANDOVER

TOWN MEETING PROCEDURE AT A GLANCE

To do this...	You say this.....	May you Interrupt Speaker?	Must you Be Seconded?	Is the Motion Debatable?	What vote is required?
Request Information	Point of Information	Yes	No	No	No Vote
Complain about noise, sound, general room conditions, etc....	Point of Privilege	Yes	No	No	No vote
Object to procedure or personal affront	Point of order	Yes	No	No	No vote Chair decides
Introduce Business <i>(a primary motion)</i>	I move that.....	No	Yes	Yes	Majority
Ask for a vote count to verify a vote	I call for a standing count...	No	No	No	No Vote
Amend a motion	I move to amend this motion	No	Yes	Yes	Majority
End Debate <i>Can be denied by Moderator at his/her discretion</i>	I move the question	No	Yes	No	2/3 vote
Reconsider something already disposed of	Meeting only reconsiders a vote if an error has occurred				Chair corrects with proper vote
Recess the meeting	I move that we recess until....	No	Yes	No	Majority
Adjourn the meeting	I move we adjourn	No	Yes	No	Majority

**Town of Andover
36 Bartlet Street
Andover, MA 01810**

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ANDOVER, MA 01810**

**PLEASE BRING THIS REPORT WITH YOU
TO SPECIAL TOWN MEETING**

**WEDNESDAY, JUNE 19, 2019
7:00 PM**

ANDOVER MEMORIAL AUDITORIUM